



Department of Justice

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GERMAN CHEMICAL COMPANY TO PLEAD GUILTY TO CRIMINAL ANTITRUST CONSPIRACY

Hoechst Aktiengesellschaft Agrees to Pay \$12 Million Fine

WASHINGTON, D.C.-- Hoechst Aktiengesellschaft, an international chemical conglomerate based in Germany, has agreed to plead guilty and pay a \$12 million fine for its participation in a conspiracy that suppressed competition in the world markets for an industrial chemical used in the production of commercial and consumer products, including pharmaceuticals, herbicides, and plastic additives, the Department of Justice announced today.

The chemical, monochloroacetic acid (MCAA), has annual U.S. sales of approximately \$50 million.

In a one-count felony case filed today in U.S. District Court in San Francisco, Hoechst was charged with fixing prices and allocating market shares of MCAA sold in the U.S. and elsewhere from September 1995 until June 1997.

Hoechst will be the third company to plead guilty to participating in this conspiracy. In Hoechst's plea agreement, which requires court approval, the company has agreed to pay a \$12 million fine and to cooperate fully with the ongoing federal investigation of anticompetitive behavior in the MCAA market.

In June 2001, the Dutch chemical giant Akzo Nobel Chemicals BV pleaded guilty and was sentenced to pay a \$12 million fine for its involvement in this conspiracy. Elf Atochem of France pleaded guilty to participating in the conspiracy and was fined \$5 million in March 2002.

“The Antitrust Division has demonstrated its commitment to identifying and prosecuting all companies, domestic or foreign, that harm American businesses and consumers,” said R. Hewitt Pate, Acting Assistant Attorney General in charge of the Department’s Antitrust Division.

Hoechst is charged with conspiring, through its officers and employees, to suppress and eliminate competition among MCAA producers by:

- participating in meetings and conversations to discuss the prices and market shares of MCAA sold in the U.S. and elsewhere;
- agreeing, during those meetings and conversations, to charge prices at certain levels and otherwise to increase and maintain prices of MCAA sold in the U.S. and elsewhere;
- agreeing, during those meetings and conversations, to allocate among major MCAA producers the market shares of MCAA to be sold in the U.S. and elsewhere;
- issuing price announcements and price quotations in accordance with the agreements reached; and
- exchanging information on sales of MCAA in the U.S. and elsewhere, for the purpose of monitoring and enforcing adherence to the agreed-upon prices and market shares.

James M. Griffin, the Antitrust Division’s Deputy Assistant Attorney General for Criminal Enforcement, stated, “Hoechst’s decision to plead guilty indicates the strength of the Antitrust Division’s enforcement powers against international cartels.”

The charge against Hoechst was brought under Section 1 of the Sherman Act, which carries a maximum fine of \$10 million for corporations. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime if either of those amounts is greater than the statutory maximum.

The charge announced today stems from continuing investigations being conducted by the Antitrust Division’s San Francisco Field Office and the Federal Bureau of Investigation in San Francisco.

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